

Request for City Council Committee Action from the City Coordinators Office

Date: September 10, 2012

To: Honorable Elizabeth Glidden, Chair, Regulatory, Energy and Environment Committee

Subject: Comments re Xcel Energy's proposed elimination of Solar Rewards Program

Recommendation:

Authorize submission of comments to Minnesota Department of Commerce, Division of Energy Resources related to the State's proposed CIP Decision re: Xcel Energy's 2013-2015 Minnesota Electric and Natural Gas Conservation Improvement Program, Docket Number E G002, E002/CIP-12-447.

Previous Directives:

• July 9, 2011: REE support to submit comments to Minnesota Dept. of Commerce related to Xcel Energy's proposed 2013-2015 Tri-CIP Plan focused on Solar Rewards

Department Information

Prepared by: Gayle Prest, Sustainability Director

Approved by: Paul Aasen, City Coordinator

Presenters in Committee: Gayle Prest and Corey Conover

Financial Impact

No financial impact.

Background

Earlier this summer, Xcel Energy filed with the Minnesota Department of Commerce, Division of Energy Resources, a document containing their proposed Conservation Improvement Plan for 2013-2015. It includes proposed elimination of their Solar Rewards program. The Solar Rewards program offers a financial rebate for qualifying small / medium sized solar photovoltaic (PV) installations. The City filed comments supporting retention of the Solar Rewards program.

After Xcel Energy filed its proposed 2013-2015 triennial plan, various stakeholders filed comments on the contents of the plan, including Solar Rewards. The stakeholders who filed comments included local units of government, legislators, solar installers, solar manufacturers, educators, advocacy groups, citizens and other interested parties. Over thirty different parties filed comments, including a petition with over 620 signees discussing the continued need for Solar Rewards. All comments filed regarding Solar Rewards opposed Xcel's plan to phase out the program in 2013.

On August 27, Minnesota Department of Commerce staff filed their proposed decision on Xcel's proposal which includes: "Staff believe it is necessary to continue the Solar*Rewards program through 2015 instead of 2013 as recommended by Xcel. Staff have shown that Solar*Rewards passing the utility test justifies continuation of the program. Staff believe Xcel's decision to phase-out Solar Rewards is inconsistent with Xcel's commitment to include alternative sources of generation into its portfolio as indicated by comments made in the IRP. Staff conclude also that it is in the public interest based on the economic and environmental benefits to continue to offer incentives through the Solar*Rewards program..."

Basically Solar Rewards would stay at the same overall annual budget of \$5 million but the incentive per watt would drop from \$2.25 to \$1.50 in order to ensure cost-effectiveness. If the market changes due to new tariffs on foreign products and if there is a need to alter incentive levels, Xcel can make adjustments at that time. Any changes in the incentive level that could potentially change the budget will need to be approved by the Department. It is projected that this would provide annual funding to about 232 participants and result in about 4,242,254 kWh of new solar production in 2013-2015.

The public may file comments on the State's proposed decision by September 11, 2102.

Summary of Comments and Potential Impacts:

The Solar Rewards program has been extremely beneficial to the city in addressing its sustainability targets related to renewable energy and green jobs. In the longer term, increasing solar capacity in the City through Solar Rewards will help us meet the sustainability goals related to air quality and greenhouse gas emission reduction as we move away from fossil fuels to clean, renewable energy.

The proposed City comments are relatively short and focus on support for the State's proposed recommendations for Solar Rewards.